Report of the Financial Affairs Committee of the Faculty Senate: 2014-15

Mary Ballou, BOU – Counseling Psychology
Olubunmi Faleye, BUS - Finance
Armen Stepanyants, COS – Physics
Gregory Wassall, CSSH – Economics (Chair)

Fall Semester Charge to the FAC

"Based on current information and any other analyses that it may wish to undertake, the Committee is asked to make recommendations on… appropriate merit and market adjustment raises for FY 2016. The Committee should present its recommendations on these matters to the Faculty Senate Agenda Committee…"

~ Senate Agenda Committee

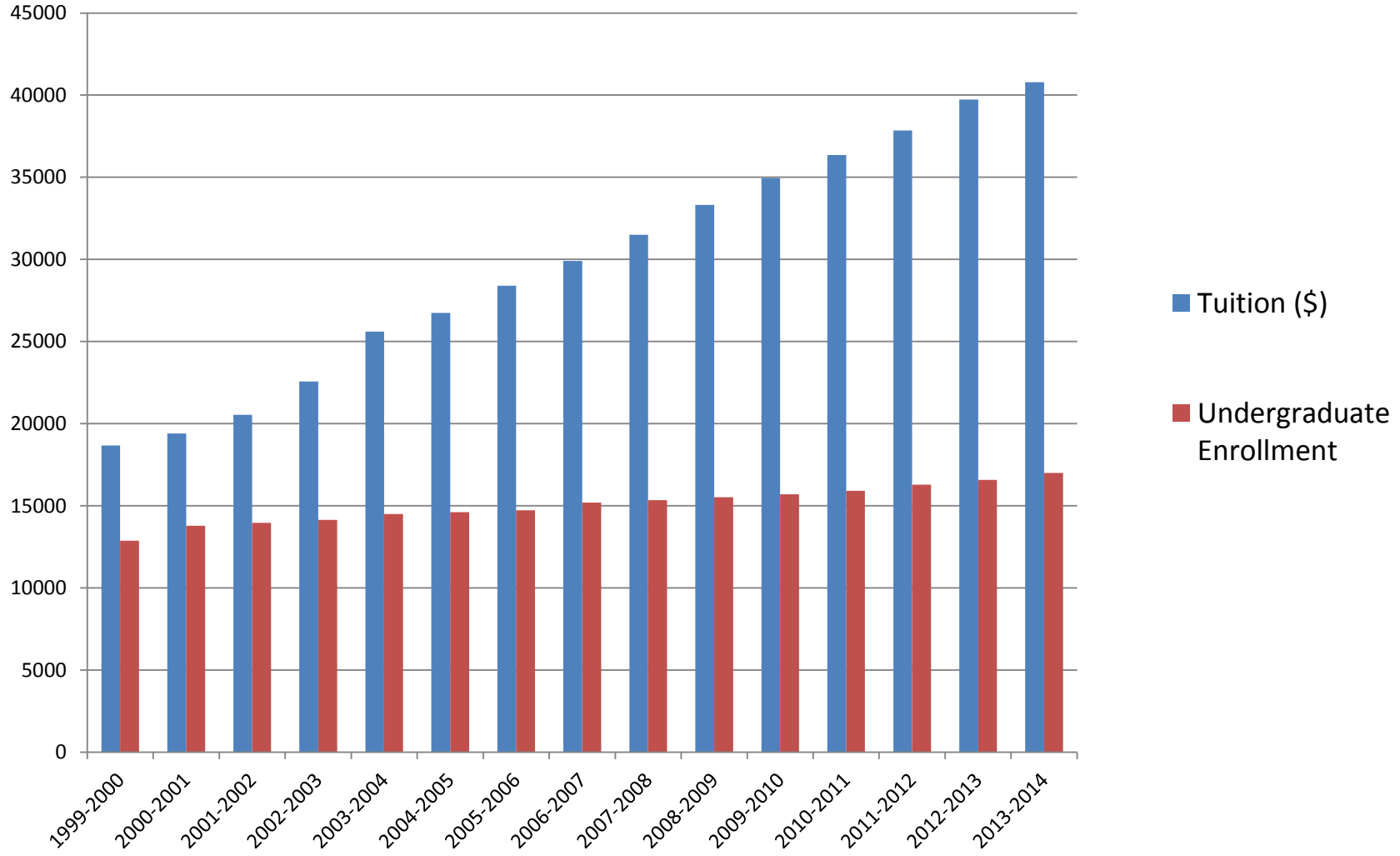
Raise Pool Considerations

- Academic and Financial Trends
- Value and Cost of Faculty Salaries
  - Hiring
  - US News Rankings
  - Total university costs
- Salary Comparisons
  - Inflation
  - Matchmate schools
  - Special circumstances

Trends for Higher Ed and Northeastern

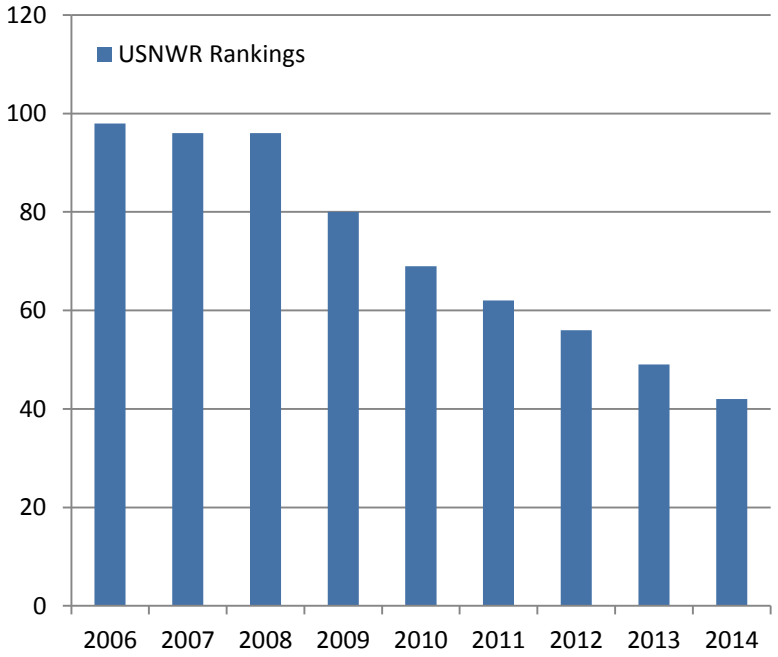
- All of Higher Education faces some market uncertainties.
  - Economic growth has accelerated
  - Student debt is high, and the number of high school graduates in the Northeast is shrinking
- But Northeastern possesses some substantial financial and academic strengths.
  - Our students come from all over the globe.
  - President Aoun has said that “the state of Northeastern has never been stronger”

Northeastern's Financial Strengths

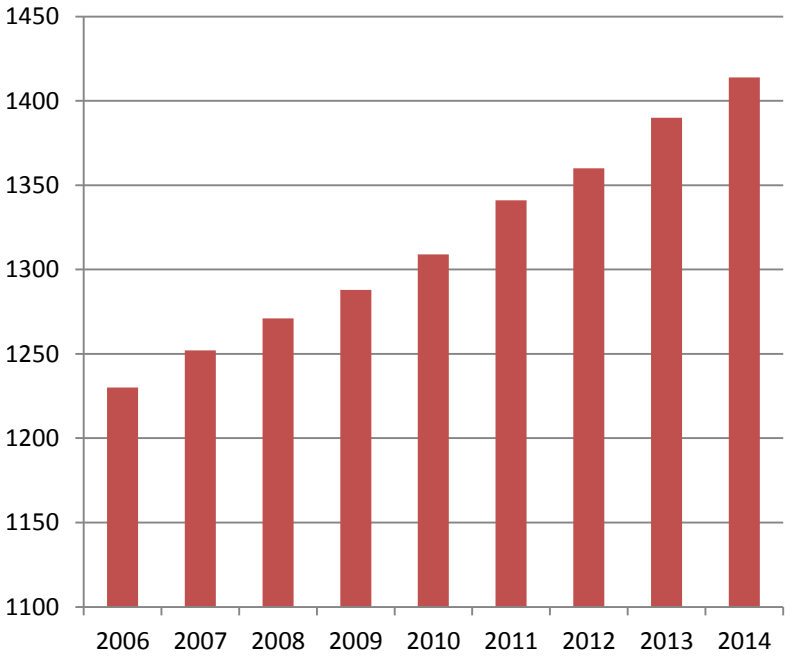


Northeastern's Academic Strengths

USNWR Rankings



Mean SATs

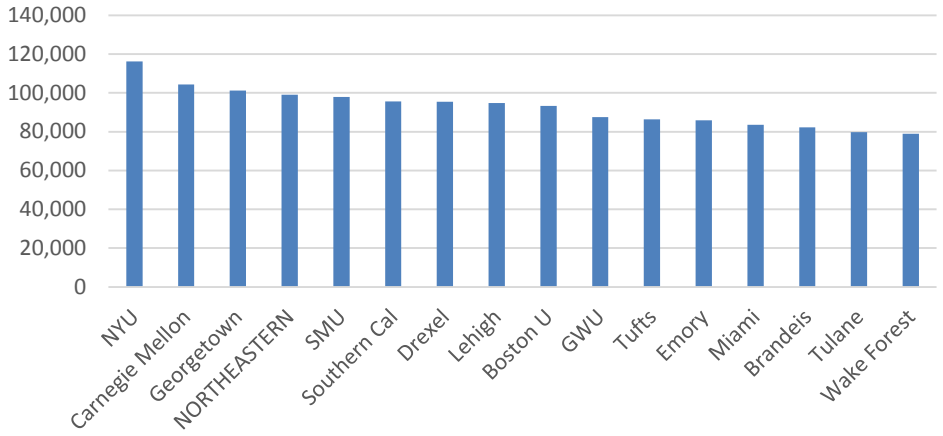


Faculty Salaries Are an Important Ingredient in Northeastern's Strengths

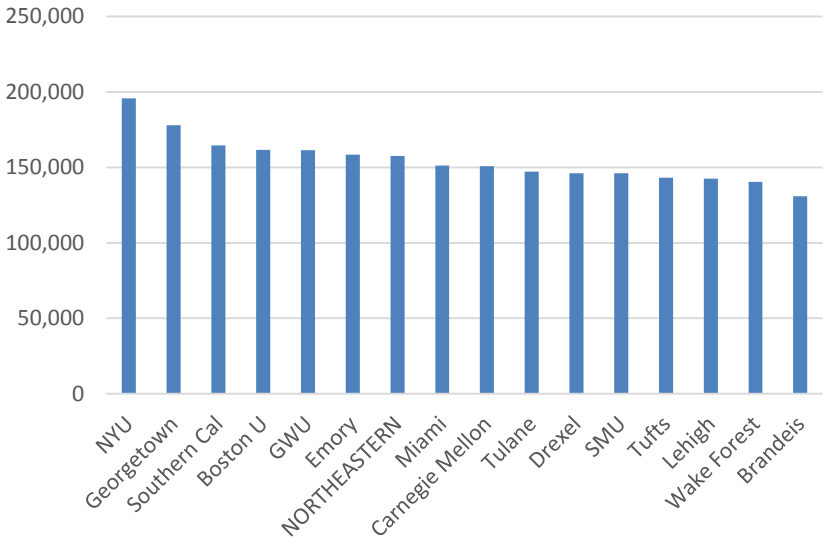
- Salary increases are essential to retaining quality faculty
  - Also essential to hiring new high-profile faculty
- Salary increases play direct role in US News rankings
  - US News ranks NU as #42 for 2014
  - Faculty resources count for 20% of overall ranking
    - Of that, 35% is due to faculty compensation
    - Implies that 7% of overall US News ranking directly due to higher faculty salaries
- Salaries and fringes of full time faculty account for only 13.3% of Northeastern's total operating costs (latest IPEDS data)

Comparison of NU Faculty Rank with Matchmates, 2013-14

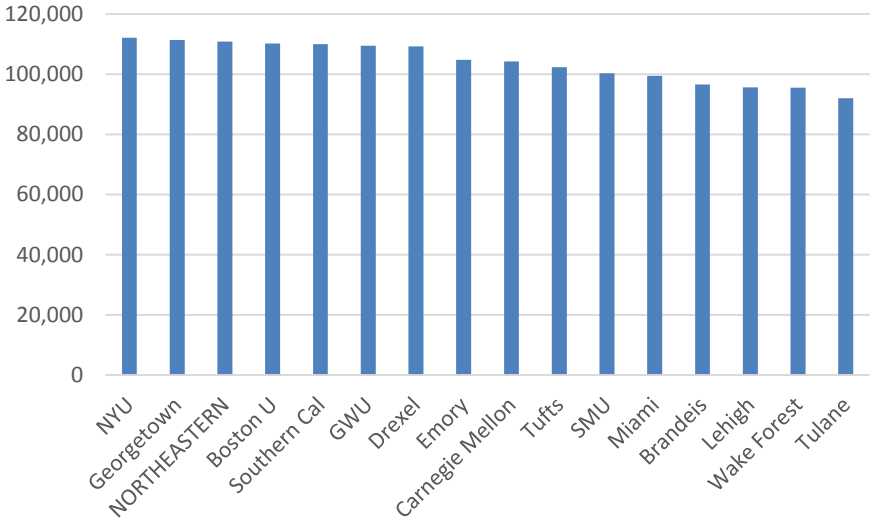
Assistant Professors



Full Professors



Associate Professors



Note that data are not adjusted for regional differences in cost of living

Recent Raise Pool Increases at Northeastern

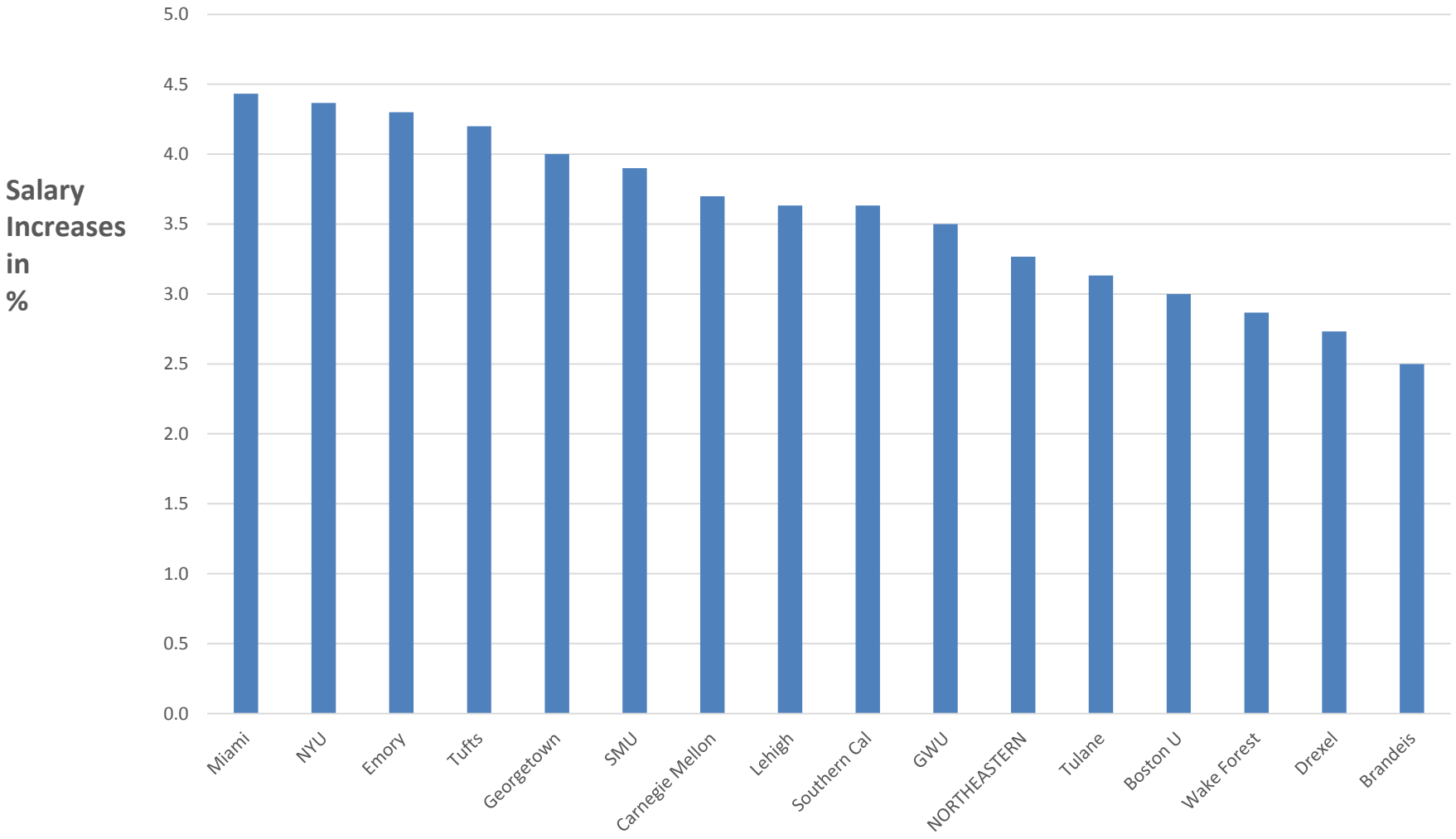
	Raise Pool Increase	Inflation	"Real" Increase
SINCE 2008	2.9%	2.1%	0.8%
2013-14	3.0%	1.5%	1.5%

- Gains reported to AAUP are especially notable for assistant and associate professors

But Other Data Show Northeastern Lagging

- AAUP year-over-year salary changes for continuing faculty at all matchmate institutions show Northeastern lagging
  - The matchmate mean increase for 2013-14 was 3.6%
  - Northeastern's reported increase was 3.3%
    - This year, only five matchmates had a smaller increase
    - Last year only four matchmates had a smaller increase

Northeastern Salary Increases Relative to Matchmate Institutions: 2013-14 AAUP Data



Why Focus on Increases and Not Levels?

- Why do our salary *levels* compare favorably to our matchmates but our salary *increases* do not?
  - The 2010-2015 long range plan called for "add(ing) 150 new tenured or tenure-track faculty positions, in addition to filling an estimated 150 openings caused by attrition"
  - We believe that it is Northeastern's surge of hiring new faculty at market rates which has brought our median salaries above those of most matchmates
  - But Northeastern salary ***increases*** continue to lag those of our matchmate institutions
  - In other words, faculty who have not been hired recently will find themselves increasingly lagging behind their counterparts in matchmate institutions.
  - The Administration needs to address this.

What Makes This Year Different?

- Although the University rescinded its announced cuts in life and dental insurance benefits, it has moved forward with cuts in health insurance benefits.
- The University will now cover 70 percent of the costs of a health plan ("Core") with less coverage than the plan that most employees are currently enrolled in.
- Many – especially older employees and employees (and family members) with chronic health conditions - will be compelled to choose the Enhanced plan, and will have to pick up a higher share of their insurance cost.
- The effects of this reduction in benefits will be felt unevenly among faculty and staff, but one way to compensate for these greater costs (and lower net compensation) will be through more generous salary increases.

Recommended Raise Pool

- Recommendation: The Financial Affairs Committee recommends a raise pool increase of 4%.
  - This would continue to address the longer-term salary increase issues relative to matchmates, and address inequities caused by the cut in benefits
  - This would help ensure continued ability for Northeastern to strengthen its educational mission
  - The cost to Northeastern of 4% relative to (say) 3% would be quite modest and certainly in line with other cost changes

Summary

- The University is strong financially and academically.
- It is important to have the resources necessary to attract, retain, and compensate faculty appropriately.
- Changes in benefits that will occur in 2015 will adversely affect many faculty and staff.
- A raise pool of 4% addresses our continuing percentage salary increase gap and enhances our competitive position at a modest cost.
- Merit and equity components should be determined at the level of the unit or department.